

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 EB-11 AID-20 CIAE-00 COME-00 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 AGR-20 DODE-00 PA-03

USIA-15 PRS-01 DRC-01 SS-15 NSC-10 /162 W

----- 083137

R 272107Z SEP 73

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 8194

UNCLAS MEXICO 7321

E.O. 11652: N/A

TAGS: EGEN, MX

SUBJ: GOM REPORTS REAL GNP INCREASED 9.1 PERCENT FOR
PERIOD AUGUST 1972 TO JULY 1973

1. MEXICO CITY DAILIES CARRIED THE SEPTEMBER 24, 1973, REPORT OF GOM SECRETARY OF INDUSTRY AND COMMERCE LIC. CARLOS TORRES MANZO STATING THAT MEXICO'S GNP INCREASED BY 9.1 PERCENT IN REAL TERMS FROM AUGUST 1972 TO JULY 1973. READING FROM A TEXT (REPRINTED IN NEESPAPERS) FOLLOWING A MEETING WITH GOM PRESIDENT ECHEVERRIA, TORRES MANZO NOTED THAT THIS INCREASE WAS FOUR PERCENTAGE POINTS HIGHER THAN THE SAME PERIOD A YEAR AGO. HE PRESENTED FURTHER STATISTICS, A SUMMARY OF WHICH FOLLOWS. THOSE ON FISHERIES WILL BE SEPARATELY REPORTED.

2. TORRES MANZO BEGAN BY NOTING THAT THE INFLATION PROBLEM HAS BEEN RECENTLY EXCERBATED BY BAD WEATHER (AFFECTING CROPS), INSUFFICIENT INVESTMENT IN CONSUMER GOODS PRODUCTION, TRANSPORTATION PROBLEMS, SPECULATIVE PURCHASES OF MATERIALS (PRINCIPALLY BY "ECONOMICALLY POWERFUL COUNTRIES"), AND BY THE INTERNATIONAL MONETARY CRISIS. NEVERTHEIESS HE STATED THAT THE GOM IS EMPLOYING A VARIETY OF INSTRUMENTS (MEXICO 5549) TO AVOID THE WORST EFFECTS OF

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INFLATION, AND NOTED SOME BENEFITS TO MEXICO FROM HIGHER

PRICES RECEIVED FOR SALES OF COTTON, CACAO, COFFEE,
ELECTROLYTIC COPPER, CATTLE (AND BEEF), SEAFOOD, AND
MINERALS.

3. HE ALSO SINGLED OUT THE INCREASE IN BORDER TRANS-
ACTIONS, ESPECIALLY TOURIST PURCHASES AND THE EXPANSION OF
"MAQUILADORAS" (THE MEXICAN IN-BOND INDUSTRY PROGRAM). HE
CITED 123 NEW MAQUILADORAS FOR JANUARY-AUGUST 1973, WITH AN
INVESTMENT OF 522 MILLION PESOS (US. \$41.8 MILLION) AND
13,000 NEW EMPLOYEES. TOTAL VALUE OF THE PROGRAM AS OF
JUNE 1972 HE ESTIMATED AS ONE BILLION PESOS (US. \$80 MILLION)
AND BY JUNE 1973 AS 1.5 BILLION PESOS (US.\$120 MILLION).
(FOR EMBASSY ESTIMATES SEE MEXICO A-478.)

4. OTHER SIGNIFICANT INCREASES FOR THE AUGUST 1972-JULY 1973
PERIOD WERE REPORTED IN THE CONSTRUCTION INDUSTRY (UP
18.1 PERCENT), MANUFACTURING (11.7 PERCENT), ELECTRIC
ENERGY (9.5 PERCENT), MINING (7.6 PERCENT) AND PETROLEUM
AND PETROCHEMICALS (7.2 PERCENT).

5. FROM JANUARY TO AUGUST 1973 THE MINISTRY REPORTEDLY
APPROVED 152 NEW MANUFACTURING PROGRAMS, AN INCREASE OF
67.4 PERCENT OVER THE SAME PERIOD LAST YEAR, REPRESENTING
A ONE BILLION PESO (US. \$80 MILLION) INVESTMENT AND ALMOST
SIX THOUSAND NEW JOBS. UNDER THE JUNE 19, 1972, INDUSTRIAL
DECENTRALIZATION DECREE (MEXICO A-604, SEPTEMBER 25, 1972),
AN INVESTMENT OF 3.2 BILLION PESOS (US. \$256 MILLION)
HAS BEEN APPROVED SO FAR THIS YEAR AND 543 MILLION PESOS
(US. \$43.4 MILLION) WORTH OF INVESTMENTS HAVE BEEN APPROVED
UNDER THE LAW TO PROMOTE NEW AND NECESSARY INDUSTRIES.
ALL TOGETHER, FOR THE FIRST EIGHT MONTHS OF 1973, TORRES
MANZO STATED THAT THE MINISTRY OF INDUSTRY AND COMMERCE
HAS APPROVED SIX BILLION PESOS (US. \$480 MILLION) IN
INVESTMENTS, AN INCREASE OF 146 PERCENT OVER THE SAME
PERIOD IN 1972. HE FELT THAT THE 5.4 PERCENT INCREASE IN
THE USE OF MANUAL LABOR BY INDUSTRY DURING JANUARY TO
JUNE 1973 (AS COMPARED WITH 3.8 PERCENT FOR THE SAME PERIOD
IN 1972) WAS "ESPECIALLY SIGNIFICANT."

6. INVESTMENT IN NEW PETROCHEMICAL PLANTS DURING 1973
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HAS REPORTEDLY AMOUNTED TO 760 MILLION PESOS (US. \$60.8
MILLION). INDUSTRIAL PRODUCTION HE STATED HAS INCREASED
(FOR THE TWELVE MONTH PERIOD AUGUST 1972 TO JULY 1973) OVER
THE PREVIOUS YEAR AS FOLLOWS: CHEMICAL FIBERS - 29.4
PERCENT; SHEET IRON AND STEEL - 21.7 PERCENT; AUTOMOBILES-
19.6 PERCENT; ELECTRIC AND ELECTRONIC ITEMS - 19.4 PERCENT;
BEER - 19.1 PERCENT; FERTILIZER - 15.9 PERCENT; GLASS
AND GLASS PRODUCTS - 15.5 PERCENT. TORRES MANZO NOTED

THE FOLLOWING INCREASE IN OTHER ITEMS FOR THE SAME PERIOD: RAILWAY BOXCARS - 38.4 PERCENT; TRACTORS - 25.3 PERCENT; BUSES - 29.7 PERCENT; TRUCKS - 20.2 PERCENT. FOR CONSUMER GOODS, FIRST SIX MONTHS 1973 VERSUS THE SAME PERIOD 1972, HE REPORTED THE FOLLOWING INCREASES IN SALES: TELEVISION SETS - 20.8 PERCENT; STEREO CONSOLES - 45.6 PERCENT; WASHINGTON MACHINES - 16.9 PERCENT; BLENDERS - 32.6 PERCENT; AND NEW AUTOMOBILES - 13 PERCENT.

7. HE CONCLUDED HIS OPTIMISTIC REPORT WITH A CALL FOR NATIONAL UNITY AND FOR REJECTION OF DEVELOPMENT WHICH IS "FOUNDED ON INJUSTICE OR THE SACRIFICE OF LIBERTY." TORRES MANZO STATED THAT "ECONOMIC PRESSURE GROUPS SHOULD REMAIN CONFINED TO THE DEFENSE OF THEIR LEGITIMATE ECONOMIC INTERESTS." ALSO, "VIOLENCE, PHYSICAL OR VERBAL, ENGENDERS VIOLENCE AND FINALLY ONLY LEADS TO REPRESSION AND THE LOSS OF LIBERTY."
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GNP, INFLATION, ANTIINFLATIONARY PROGRAMS, COMMERCE & INDUSTRY
Control Number: n/a
Copy: SINGLE
Draft Date: 27 SEP 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973MEXICO07321
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973097/aaaaaems.tel
Line Count: 133
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: kelleyw0
Review Comment: n/a
Review Content Flags:
Review Date: 18 DEC 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18-Dec-2001 by maustmc>; APPROVED <06 MAR 2002 by kelleyw0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOM REPORTS REAL GNP INCREASED 9.1 PERCENT FOR PERIOD AUGUST 1972 TO JULY 1973
TAGS: EGEN, MX
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005